

Message Text

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FM AMEMBASSY KHARTOUM

TO SECSTATE WASHDC 6371

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DEPT PASS EXIM

E. O. 11652: N/ A

TAGS: EFIN, SU

SUBJ: EXIM REQUIREMENT OF SUDANESE COMMERCIAL BANK GUARANTEE

REF: STATE 023951

1. AFTER CONSIDERABLE INVESTIGATION CONFLICTING REPORTS, EMB BELIEVES FOLLOWING IS ACCURATE STATUS OF GUARANTEE FEES CHARGED BY SUDANESE COMMERCIAL BANKS:

2. A. ORGANIZATION. BANKS ARE ALL GOVERNMENT OWNED AND OPERATED UNDER JOINTLY- AGREED TARIFF SCHEDULE. FEES CHARGED FOR COMMERCIAL BANK GUARANTEE ARE SET IN TARIFF AT FIVE PERCENT PER MILL EVERY THREE MONTHS, I. E. TWO PERCENT PER YEAR IN CASE LONGER TERM LOANS SUCH AS THOSE OF CONCERN TO EXIM. REPORTS INDICATE, HOWEVER, THAT NOT ALL BANKS ARE ADHERING TO RATE SCHEDULE WITH CHARGES BOTH ABOVE (3 PERCENT) AND BELOW CITED FIGURE.

B. IMPACT. WHILE THE RATES ARE CONSIDERABLY LOWER THAN 5 PERCENT FIGURE CITED REFTEL (LATTER PROBABLY RESULTING FROM CONFUSION US SUPPLIERS BETWEEN 5 PERCENT OF LOAN AND 5 PERCENT PER MILL), THEY ARE STILL A POTENTIALLY INHIBITING FACTOR TO US EXPORTS. SUDAN TEXTILE OFFICIAL POINTED OUT, FOR EXAMPLE, THAT PURCHASES FINANCED THROUGH COMPETITIVE INSTITUTIONS SUCH

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AS FRG HERMES DO NOT REQUIRE LOCAL BANK GUARANTEES. IN SPECIFIC SIMILAR CASE, GUARANTEE WAS INSTEAD SUPPLIED BY KUWAIT TEXTILES, A HOLDING COMPANY FOR SUDAN TEXTILES.

3. RE AVAILABILITY OF RELIABLE FINANCIAL DATA ON LOCAL FIRMS, LOCAL BANKING SOURCES INDICATE TO EMBASSY THAT THEY USE BALANCE SHEETS AUDITED BY LOCAL ACCOUNTING FIRMS AND FIND THEM RELIABLE. SUCH AUDITED REPORTS ARE ALSO PREPARED FOR LOCAL TAX AUTHORITIES AND POINT WAS MADE TO EMBASSY THAT AUDITORS ARE INDEPENDENT AND PREPARED INDICATE DISCREPANCIES. HOWEVER, BANKS NATURALLY DO NOT DEPEND ON AUDITED REPORTS ALONE, BUT USE COMBINATION SOURCES AND OWN ANALYSIS.

4. COMMENT: EMBASSY WILL BE SEEKING FURTHER INFORMATION ON ABOVE POINTS, PARTICULARLY IN SERIES OF CALLS CHARGE WILL BE MAKING ON COMMERCIAL BANKS. IN MEANTIME, WE BELIEVE EXIM MIGHT WISH REQUEST AUDITED BALANCE SHEETS AND PROFIT/ LOSS STATEMENTS FROM SUDANESE PRIVATE SECTOR APPLICANTS ON EXPERIMENTAL BASIS. EMBASSY WILL BE PLEASED CHECK RELIABILITY OF AUDITOR CITED AND PROVIDE OTHER COMPLEMENTARY DATA AS MAY BE AVAILABLE.
FRITTS

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